

Situation of youth on the labour market in Germany



Unemployment and
transition to Employment

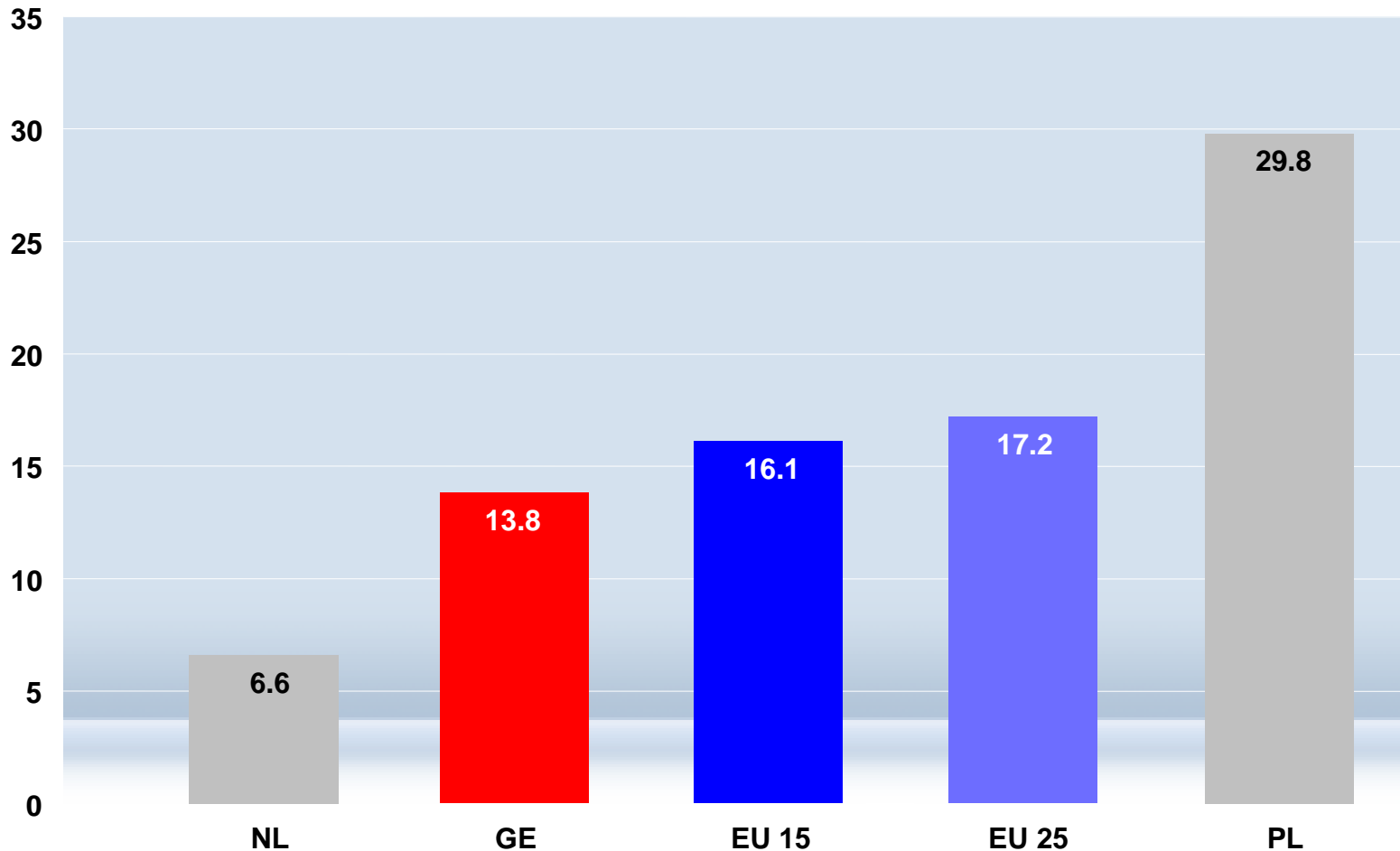


Bundesagentur für Arbeit



Youth unemployment in Europe 2006

Unemployment rates for young people in the EU (annual average in %)



Source: Eurostat, labour force survey 2006

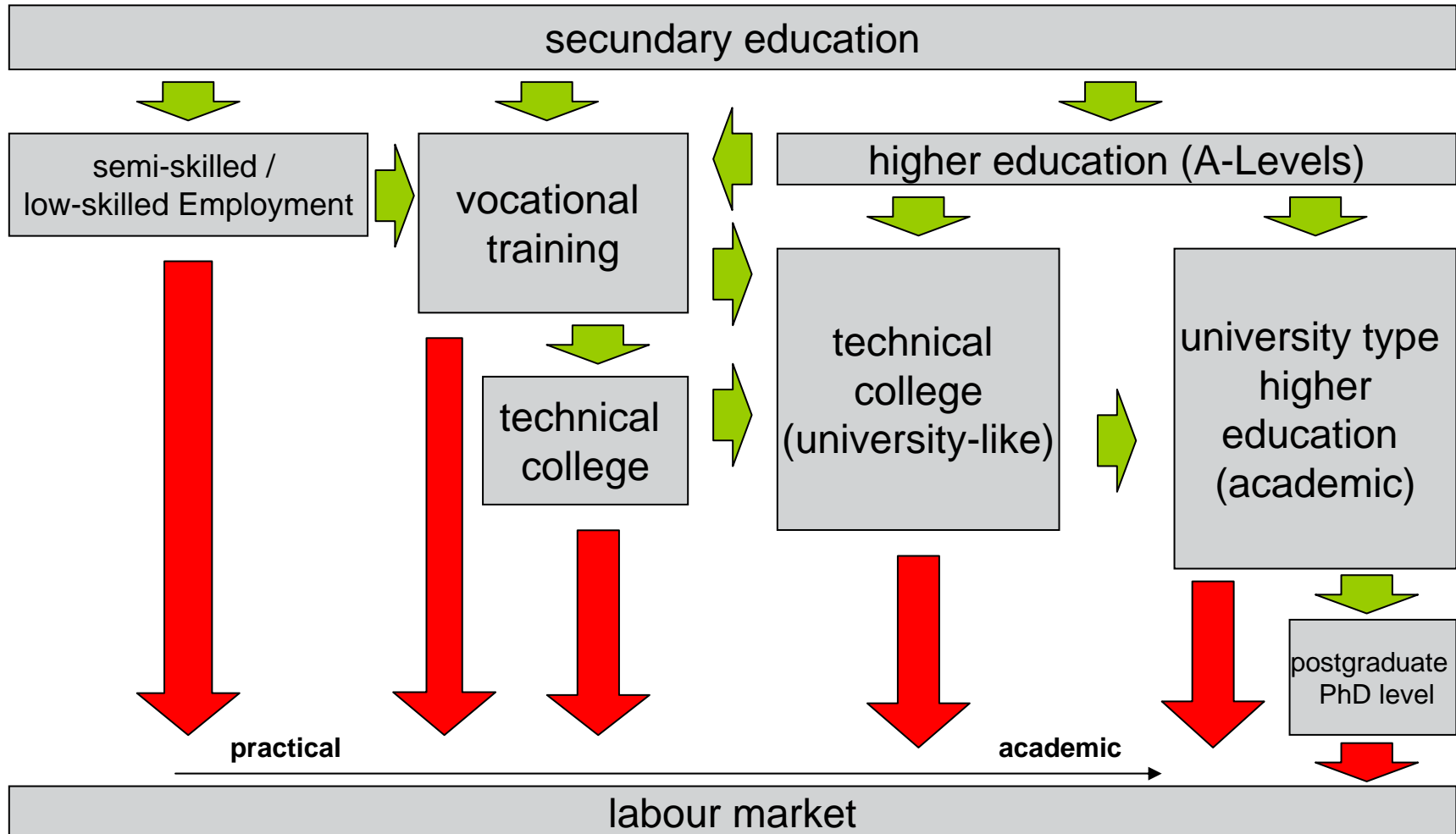


German system of vocational training - situation

- Vocational training is the most common way in Germany to acquire job relevant human capital
- Vocational training combines in-plant training (60% - 80%) with school training (20% - 40%)
- Chance for the trainee to gain company specific as well as job specific knowledge
- Vocational trainees count statistically as employed
- The system guarantees:
 - a standardised minimum level of theoretical job specific skills of vocational trained employees
 - a certain amount of company specific – mostly practical – knowledge



How to get vocational qualification in Germany?





German system of vocational training – influence on the labour market

- Smooth transition process from vocational training to employment, because of:
 - presence of vocational trainees in training companies
 - firm specific human capital embodied in the vocational trainees
 - if not taken over by the training company the trainees possess practical and relevant knowledge (working experience) which eased the further job search
- All in all, vocational training limits the number of newly unemployed young people
- Training companies get the opportunity to create accurate fitting workforce to their needs



BA services to promote vocational training in 2005/2006

- 2 million careers guidance interviews
- 91% of a school-leaver cohort use BA counselling services
- 80% of all apprenticeships are notified to the BA.
- € 3.3bn (7% of the BA budget) from the unemployment insurance fund were invested for the support of vocational training in 2006.



Active labour market policy to promote vocational training

- Due to high importance to human capital creation and to the decreasing odds of becoming unemployed vocational training is also promoted by use of active labour market policy (ALMP)
- ALMP tries to fix structural problems such as:
 - improving soft skills of potential vocational trainees (timeliness, attitude, discipline)
 - Supporting to get at least a lower school leaving certificate
 - promotes mobility (mobility subsidies)
 - promotes job flexibility

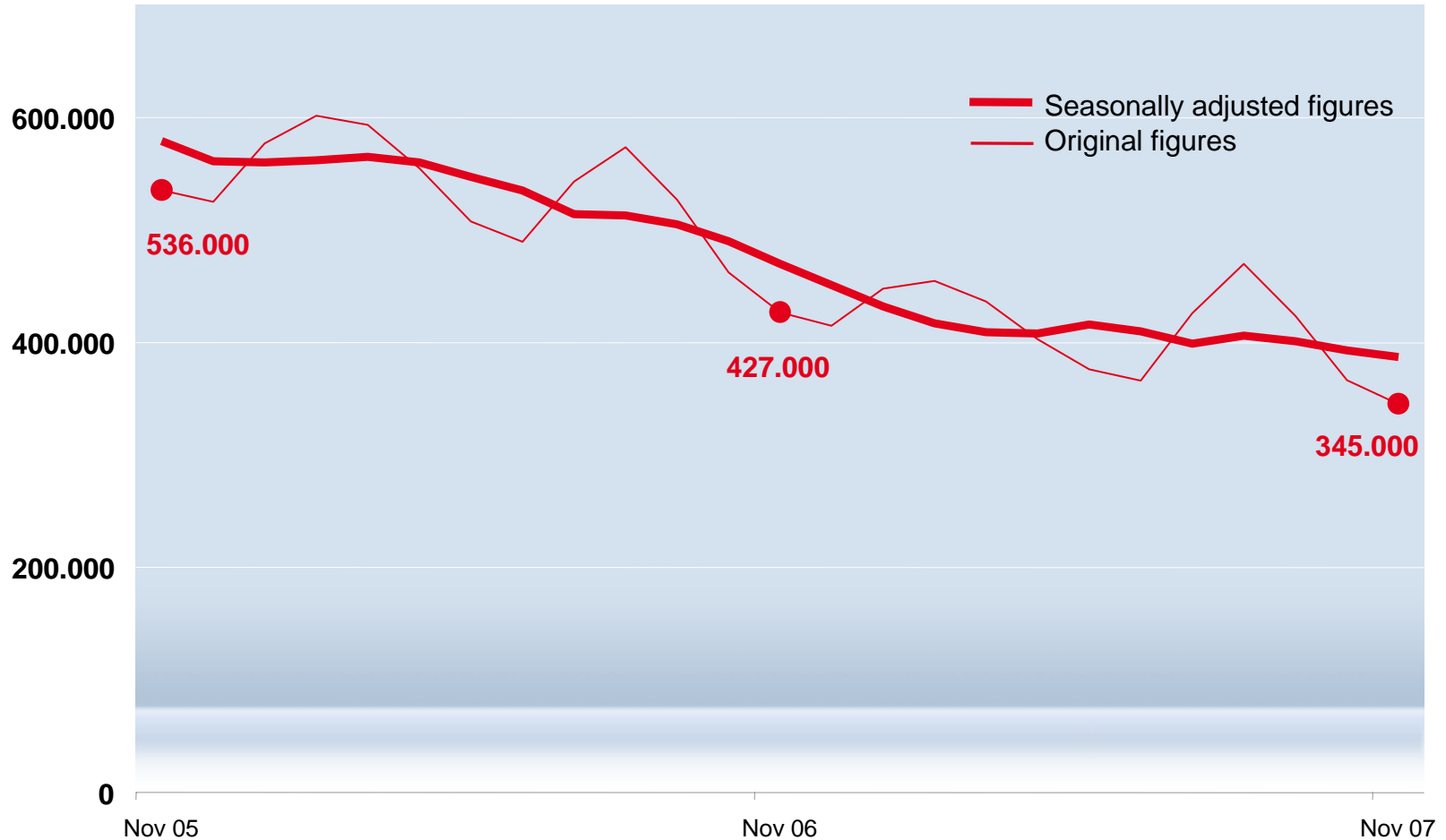


Approach to integration

- The German federal employment services have to make an offer for integration to every under 25 years old unemployed within three month after getting unemployed
 - a vocational training
 - a job (if allready trained)
 - ALMP
 - school or college
- This aims to enable young unemployed to get integrated in the labour market or to improve their human capital
- Long term unemployment should be prevented in this segment by all costs



The development of youth unemployment since 2005





Demographic change

- The demographic structure of the German labour force changes due to low birthrates and expanding (working-) lifetime
 - the labour force is getting older
 - the labour force diminishes
- While the labour force is getting smaller and older, human capital is lost
- Therefore increased investments in human capital has to be made



Future of the youth employment in Germany

- Trend to a higher number of higher vocational education (technical college, University)
- Decreasing number of vocational trainees expected
- Combination of vocational training and university studies
- Decreasing number of low- / semi skilled
- Due to improved human capital, more ALMP and the demographic change, a low youth unemployment rate in Germany is expected